

Message Text

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PAGE 01 BONN 05082 221906Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----230706Z 042786 /20

R 221855Z MAR 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 6727
INFO USMISSION USBERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L BONN 05082

EXDIS

E.O. 11652: GDS
TAGS: EAIR, PFOR, PGOV, WB, GW, UK, FR, US
SUBJECT: CIVAIR: PAN AM, BRITISH AIRWAYS (BA) FARE
INCREASE PROPOSAL

REF: BONN 4133

1. AT CIVIL AIR ATTACHE MEETING MARCH 18, UKCAA
HANLEY REPORTED THAT HE HAD BEEN TOLD BY BA'S BERLIN
MANAGER CARO THAT BA AND PAA HAD HAD FURTHER MEETINGS
ON FARE INCREASE FOR INTERNAL GERMAN SERVICE (IGS)
AND AGREED ON PROPOSAL FOR INCREASE OF SEVEN AND A
HALF PERCENT. AIRLINES AGREED TO MOVE QUICKLY TO
PRESENT APPLICATION TO CAA'S. CARO SAID THAT THE TWO
AIRLINES HAD CONSIDERED THE MATTER OF PRESENTING
FIGURES TO THE FRG AND HAD DECIDED THAT THE "OBJEC-
TIVE COULD BEST BE SERVED" BY PRESENTING A DETAILED
CASE FOR A FARE INCREASE AND GIVING THE BCATAG A
REASONABLE TIME TO CONSIDER IT. THEY BELIEVED THAT IT
IS NOT FOR THE FRG TO SAY WHAT IS APPROPRIATE REGARD-
ING FARES, BUT RATHER FOR THE NATIONAL AUTHORITIES
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OF THE AIRLINES CONCERNED.

2. HANLEY SAID THAT HMG LAST YEAR HAD DECIDED IT
WOULD BE ADVISABLE TO PRESENT IGS PERFORMANCE FIGURES
TO THE FRG INDEPENDENT OF A FARE INCREASE PROPOSAL
WITH THE OBJECT OF EVENTUALLY MAKING AN APPROACH TO
THE FRG URGING AN INCREASE IN THE SUBSIDY TO TRAVELERS

ON THE IGS.

3. IN ENSUING DISCUSSION US AND FRENCH CAA'S POINTED OUT THAT THERE IS A COMMITMENT OF LONG STANDING BY THE CAA'S TO PROVIDE STATISTICS TO THE FRG, AND THAT IT WAS NOT UP TO THE AIRLINES TO DECIDE WHETHER OR NOT THAT WAS THE BEST POLICY. IT WAS ALSO NOTED THAT THE BCATAG HAD A PURELY ADVISORY FUNCTION AND DID NOT DECIDE THE APPROPRIATENESS OF FARE LEVELS. HANLEY WAS OF THE OPINION THAT THE COMMITMENT WAS MORAL RATHER THAN A LEGAL ONE, BUT CONCEDED THAT IT WAS LIKELY TO BE CONSIDERED A BINDING ONE BY THE FRG.

4. COMMENT: HANLEY WAS CONSIDERABLY MORE CAUTIOUS ABOUT THE AIRLINES' "BREACH OF FAITH" THAN HE WAS IN THE CONVERSATION REPORTED REFTEL. WE SUSPECT HE HAS HAD INDICATIONS FROM HIS SUPERIORS THAT HMG WILL SUPPORT BA'S FARE INCREASE APPLICATION. WE BELIEVE THAT, IF HANLEY'S REPORTS ARE ACCURATE, THE AIRLINES HAVE IMPROPERLY IGNORED THE AUTHORITY OF THE ALLIED GOVERNMENTS AND THEIR OWN UNDERTAKINGS TO THE CAA'S. WE CONSIDER THAT PERMITTING THEM TO PROCEED IN THIS MANNER WOULD UNDERMINE SERIOUSLY ALLIED ABILITY TO REGULATE CIVIL AVIATION IN BERLIN AND WOULD BE A GRATUITOUS INSULT TO THE FRG AND BERLIN AUTHORITIES AND PUBLIC WHICH WOULD SURELY BE RESENTED BY THEM. EMBASSY CAA PLANS TO DISCUSS THIS MATTER WITH PAN AM IN THE NEAR FUTURE.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, NEGOTIATIONS, AIR FARES, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Mar-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN05082
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770099-0119
Format: TEL
From: BONN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770337/aaaabfkk.tel
Line Count: 97
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 32fa34b4-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 BONN 4133
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3040092
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: PAN AM, BRITISH AIRWAYS (BA) FARE INCREASE PROPOSAL
TAGS: EAIR, PFOR, PGOV, WB, GE, UK, FR, US, BRITISH AIRWAYS, PANAM
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/32fa34b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009